

Introduced by Senator Dunn

February 25, 2000

An act to amend Sections 10234.6 and 10324.95 of the Insurance Code, relating to long-term care insurance.

LEGISLATIVE COUNSEL'S DIGEST

SB 2111, as introduced, Dunn. Long-term care insurance: rate guide: data collection.

Existing law requires the Insurance Commissioner to annually prepare a consumer rate guide for consumers for long-term care insurance, as specified, beginning on December 1, 2000. Existing law requires each insurer to provide, and the Department of Insurance to collect, specified data on long-term care policies and certificates, including all policies, whether issued by the insurer or purchased or acquired from another insurer, in the United States, on or after January 1, 1990. Existing law requires insurers to include, in the premium section of long-term care insurance personal worksheets, information on any increases or requests for increases in rates of prior policies sold in any state by the insurer.

This bill revise these provisions by requiring the consumer rate guide to consist of a rate history portion and a policy comparison portion, as specified. This bill would require the premium section of long-term care insurance personal worksheets to include a reference to the consumer rate guide and where a copy may be obtained. This bill would make other related changes.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 10234.6 of the Insurance Code is
2 amended to read:
- 3 10234.6. (a) The commissioner, in consultation with
4 representatives of the Health Insurance Counseling and
5 Advocacy Program, shall annually prepare a consumer
6 rate guide for long-term care insurance that shall include,
7 but not be limited to, the following information:
- 8 (1) ~~An explanation~~ *A comparison* of the different ~~kinds~~
9 *types* of long-term care insurance and coverages available
10 to California consumers.
- 11 (2) ~~The~~ *A* premium history of each insurer that writes
12 long-term care policies for all the ~~kinds~~ *types* of long-term
13 care insurance and coverages ~~—sold~~ *issued* by the insurer
14 *in each state*.
- 15 (b) *The consumer rate guide to be prepared by the*
16 *commissioner shall consist of two parts: a history of the*
17 *rates for all policies issued in the United States on or after*
18 *January 1, 1990, and a comparison of the policies, benefits,*
19 *and sample premiums for all policies currently being*
20 *issued for delivery in California.*
- 21 (1) *For the rate history portion of the rate guide*
22 *required by this section, the department shall collect, and*
23 *each insurer shall provide to the department, all of the*
24 *following information for each long-term care policy and*
25 *certificate, including all policies, whether issued by the*
26 *insurer or purchased or acquired from another insurer,*
27 *issued in the United States on or after January 1, 1990:*
- 28 (A) *Company name.*
29 (B) *Policy type.*
30 (C) *Policy form identification.*
31 (D) *Dates sold.*
32 (E) *Premium rate increases requested.*
33 (F) *Premium rate increases approved.*
34 (G) *Dates of premium rate increase approvals.*

1 (H) Any other information requested by the
2 department.

3 (2) For the policy comparison portion of the rate guide
4 required by this section, the department shall collect, and
5 each insurer shall provide to the department, all of the
6 following information for each long-term care policy and
7 certificate currently issued for delivery in California,
8 including all policies, whether issued by the insurer or
9 purchased or acquired from another insurer:

10 (A) Company name.

11 (B) Policy type.

12 (C) Policy benefits.

13 (D) Dates sold.

14 (E) Sample premiums for different age groups.

15 (F) Any other information requested by the
16 department.

17 The policy comparison portion of the rate guide shall
18 contain a cross-reference for each policy form listed
19 indicating the page in the rate guide for which rate
20 information on the policy form can be found.

21 (c) Insurers shall provide the information required
22 pursuant to subdivision (b) no later than July 31 of each
23 year, commencing in 2000.

24 (d) The consumer rate guide shall be published no
25 later than December 1st of each year commencing with
26 the year in 2000, and shall be distributed using all of the
27 following methods:

28 (1) Through Health Insurance Counseling and
29 Advocacy Program (HICAP) offices.

30 (2) By telephone using the department's consumer
31 toll-free telephone number.

32 (3) On the department's ~~internet web site~~ Internet
33 website.

34 (4) A notice in the Long-Term Care Insurance
35 Personal Worksheet required by Section 10234.95.

36 ~~(e) In addition to the distribution methods described~~
37 ~~in subdivision (b), each insurer that markets long-term~~
38 ~~care policies in this state shall include in the premium~~
39 ~~section of the "Long-Term Care Insurance Personal~~
40 ~~Worksheet" required by Section 10234.95, a statement~~

1 that reads as follows: “A rate guide is available that
2 compares the policies sold by different insurers, the
3 benefits provided in those policies, sample premiums,
4 and the history of rate increases, if any, for those policies.
5 You can obtain a copy of this rate guide by calling the
6 Department of Insurance’s consumer toll-free number
7 (1-800-927-HELP), by calling the Health Insurance
8 Counseling and Advocacy Program (HICAP) toll-free
9 number (1-800-434-0222), or by accessing the
10 Department of Insurance’s Internet web site
11 (www.insurance.ca.gov).”

12 (d) For purposes of this section, the department shall
13 collect, and each insurer shall provide to the department,
14 all of the following information for each long-term care
15 policy and certificate, including all policies, whether
16 issued by the insurer or purchased or acquired from
17 another insurer, issued in the United States on or after
18 January 1, 1990:

- 19 (1) Company name.
- 20 (2) Policy type.
- 21 (3) Policy benefits.
- 22 (4) Policy form identification.
- 23 (5) Dates sold.
- 24 (6) Premium rate increases requested.
- 25 (7) Premium rate increases approved.
- 26 (8) Dates of rate increase approvals.
- 27 (9) Sample premiums for different age groups.
- 28 (10) Any other information requested by the
29 department.

30 (e) Insurers shall provide the information required
31 pursuant to subdivision (d) no later than July 31 of each
32 year commencing with the year 2000.

33 (f)

34 (e) Notwithstanding any other provision of law, the
35 data submitted by insurers to the department pursuant to
36 this section are public records, and shall be open to
37 inspection by members of the public pursuant to the
38 procedures of the California Public Records Act.
39 However, a trade secret, as defined in subdivision (d) of

1 Section 3426.1 of the Civil Code, is not subject to this
2 subdivision.

3 SEC. 2. Section 10234.95 of the Insurance Code is
4 amended to read:

5 10234.95. (a) Every insurer or other entity
6 marketing long-term care insurance shall:

7 (1) Develop and use suitability standards to determine
8 whether the purchase or replacement of long-term care
9 insurance is appropriate for the needs of the applicant.

10 (2) Train its agents in the use of its suitability
11 standards.

12 (3) Maintain a copy of its suitability standards and
13 make them available for inspection upon request by the
14 commissioner.

15 (b) The agent and insurer shall develop procedures
16 that take into consideration, when determining whether
17 the applicant meets the standards developed by the
18 insurer, the following:

19 (1) The ability to pay for the proposed coverage and
20 other pertinent financial information related to the
21 purchase of the coverage.

22 (2) The applicant's goals or needs with respect to
23 long-term care and the advantages and disadvantages of
24 insurance to meet these goals or needs.

25 (3) The value, benefits, and costs of the applicant's
26 existing insurance, if any, when compared to the values,
27 benefits, and costs of the recommended purchase or
28 replacement.

29 (c) (1) The issuer, and where an agent is involved, the
30 agent, shall make reasonable efforts to obtain the
31 information set out in subdivision (b). The efforts shall
32 include presentation to the applicant, at or prior to
33 application, of the "Long-Term Care Insurance Personal
34 Worksheet," contained in the Long-Term Care Insurance
35 Model Regulations of the National Association of
36 Insurance Commissioners. The personal worksheet used
37 by the insurer shall contain, at a minimum, the
38 information in the NAIC worksheet in not less than
39 12-point type. The insurer may request the applicant to

1 provide additional information to comply with its
2 suitability standards.

3 (2) In the premium section of the personal worksheet,
4 the insurer shall disclose all rate increases and rate
5 increase requests for any prior policies it has ~~sold~~ issued
6 in any state on or after January 1, 1990.

7 (3) *The premium section shall include a statement*
8 *that reads as follows: “A rate guide is available that*
9 *compares the policies sold by different insurers, the*
10 *benefits provided in those policies, and sample*
11 *premiums. The rate guide also provides a history of the*
12 *rate increases, if any, for the policies issued by different*
13 *insurers in each state in which they do business, since*
14 *January 1, 1990. You can obtain a copy of this rate guide*
15 *by calling the Department of Insurance’s consumer*
16 *toll-free telephone number (1-800-927-HELP), by calling*
17 *the Health Insurance Counseling and Advocacy Program*
18 *(HICAP) toll-free telephone number (1-800-434-0222),*
19 *or by accessing the Department of Insurance’s Internet*
20 *website (www.insurance.ca.gov).” If the personal*
21 *worksheet is approved prior to the availability of the rate*
22 *guide, the worksheet shall indicate that the rate guide will*
23 *be available beginning December 1, 2000.*

24 (4) A copy of the issuer’s personal worksheet shall be
25 filed and approved by the commissioner. A new personal
26 worksheet shall be filed and approved by the
27 commissioner each time a rate is increased in California.
28 The new personal worksheet shall disclose the amount of
29 the rate increase in California and all prior rate increases
30 in California as well as all prior rate increases and rate
31 increase requests or filings in any other state. The new
32 personal worksheet shall be used by the insurer within 60
33 days of approval by the commissioner in place of the
34 previously approved personal worksheet.

35 (d) A completed personal worksheet shall be returned
36 to the issuer prior to the issuer’s consideration of the
37 applicant for coverage, except the personal worksheet
38 need not be returned for sale of employer group
39 long-term care insurance to employees and their spouses
40 and dependents.

1 (e) The sale or dissemination outside the company or
2 agency by the issuer or agent of information obtained
3 through the personal worksheet is prohibited.

4 (f) The issuer shall use the suitability standards it has
5 developed pursuant to this section in determining
6 whether issuing long-term care insurance coverage to an
7 applicant is appropriate.

8 (g) Agents shall use the suitability standards
9 developed by the insurer in marketing long-term care
10 insurance.

11 (h) If the issuer determines that the applicant does not
12 meet its financial suitability standards, or if the applicant
13 has declined to provide the information, the issuer may
14 reject the application. Alternatively, the issuers shall send
15 the applicant a letter similar to the “Long-Term Care
16 Insurance Suitability Letter” contained in the
17 Long-Term Care Model Regulations of the National
18 Association of Insurance Commissioners. However, if the
19 applicant has declined to provide financial information,
20 the issuer may use some other method to verify the
21 applicant’s intent. Either the applicant’s returned letter
22 or a record of the alternative method of verification shall
23 be made part of the applicant’s file.

24 (i) The insurer shall report annually to the
25 commissioner the total number of applications received
26 from residents of this state, the number of those who
27 declined to provide information on the personal
28 worksheet, the number of applicants who did not meet
29 the suitability standards, and the number who chose to
30 conform after receiving a suitability letter.

31 (j) This section shall not apply to life insurance policies
32 that accelerate benefits for long-term care.